

Message Text

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65

ACTION XMB-04

INFO OCT-01 ARA-06 ISO-00 OPIC-03 FRB-03 CIAE-00 INR-07

NSAE-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01 TRSE-00

SS-15 STR-04 OMB-01 CEA-01 L-03 SSO-00 NSCE-00 INRE-00

EA-07 COME-00 /075 W

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O 231717Z JUL 76

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC IMMEDIATE 690

C O N F I D E N T I A L MANAGUA 3512

DEPT PLEASE PASS EX-IM

E.O. 11652: N/A

TAGS: BTIO, ELTN, NU

SUBJECT: NICARAGUAN PURCHASE OF ROAD BUILDING EQUIPMENT
EX-IM FINANCING

REF: MANAGUA 1359

1. GON IS BECOMING IMPATIENT WITH EX-IM BANK OF REQUESTED FINANCING FOR ROAD BUILDING EQUIPMENT. GON HAS RECEIVED ATTRACTIVE OFFERS FOR PURCHASES OF ROAD EQUIPMENT IN BRAZIL AND JAPAN, AND PRESIDENT SOMOZA IS ANXIOUS TO ACQUIRE THE EQUIPMENT HE AND OTHER HIGH GON OFFICIALS FEEL IS URGENTLY NEEDED.

2. PRESIDENT SOMOZA CONVEYED HIS DISAPPOINTMENT TO THE AMBASSADOR DURING A MEETING YESTERDAY. SOMOZA HAS INSISTED ON PURCHASING THE EQUIPMENT IN THE UNITED STATES, AND HE CLAIMS HE HAS BEEN STALLING ON OTHER ATTRACTIVE OFFERS WHILE AWAITING A DECISION FROM THE EX-IM BANK. THE PRESIDENT ALSO POINTED OUT THAT HE AUTHORIZED US\$150,000 FOR STUDY ON MAINTENANCE FACILITIES IN ORDER TO SATISFY EX-IM, AND HE WOULD CERTAINLY AGREE TO SOME FORM OF GRADUAL YEAR BY YEAR PURCHASING PLAN, IF THAT IS WHAT EX-IM INSISTS ON. TIME IS OF THE ESSENCE, HOWEVER; EIGHTEEN MONTHS HAVE ALREADY
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PASSED SINCE EX-IM WAS FIRST APPROACHED, AND AN AFFIRMATIVE

ANSWER WILL HAVE TO COME SOON, ACCORDING TO SOMOZA, OR THE GON WILL GO ELSEWHERE FOR THE EQUIPMENT.

3. EMBASSY IS FULLY AWARE OF THE UNACCEPTABILITY TO EX-IM OF THE INITIAL GON REQUEST FOR US\$40 MILLION TO PURCHASE HUGE AMOUNT OF ROAD EQUIPMENT ALL AT ONCE. EMBASSY CONCURS WITH EX-IM'S REQUIREMENTS (1) THAT ADEQUATE MAINTENANCE FACILITIES BE ESTABLISHED AND (2) THAT THE PURCHASES BE STRETCHED OUT OVER SEVERAL YEARS. APPARENTLY GON IS WILLING TO GO ALONG WITH THESE REQUIREMENTS.

4. EMBASSY URGES EX-IM TO MAKE SOME SORT OF DEFINITE DECISION ASAP. IT SERVES NEITHER THE U.S. NOR NICARAGUA IF GON PURCHASES EQUIPMENT IN THIRD COUNTRY WITHOUT THE TWO REQUIREMENTS SET BY THE EX-IM. GIVEN THE SIZE OF THE EVENTUAL PURCHASE (\$40-50 MILLION) AND THE APPARENT WILLINGNESS OF THE GON TO GO ALONG WITH EX-IM'S REQUIREMENTS, POSITIVE ACTION ON THE PART OF THE EX-IM BANK WOULD BE APPROPRIATE AT THIS TIME TO PREVENT THE LOSS OF A HUGE SALE TO A THIRD COUNTRY.

5. EMBASSY REQUESTS IMMEDIATE REPLY FROM EX-IM REGARDING STATUS AND ANY PENDING DECISIONS RELATED TO GON REQUEST FOR FINANCING OF ROAD BUILDING EQUIPMENT. AMBASSADOR PROMISED TO LET PRESIDENT SOMOZA KNOW SOONEST HOW MATTERS STAND. THEBERGE

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